

ESO 360

PRESENTATION AIDS

ON

1977 BEEF FEEDING PROSPECTS

by

WALLACE BARR

Department of Agricultural Economics and

Rural Sociology

Ohio State University

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PEOPLE IN CATTLE INDUSTRY

--DISSAPPOINTED

-- DISCOURAGED

-- DISGUSTED

-- DISTURBED

CATTLE OPERATIONS IN LAST YEAR --

A DISASTER

CATTLEMEN FRUSTRATED

PROSPECTIVE FEEDER CATTLE PRICES GRADING CHOICE

WEIGHTS

STEERS

HEIFERS

UNDER 500#

\$26-36

\$ 22-30

500-600#

30-38

24-32

600-800#

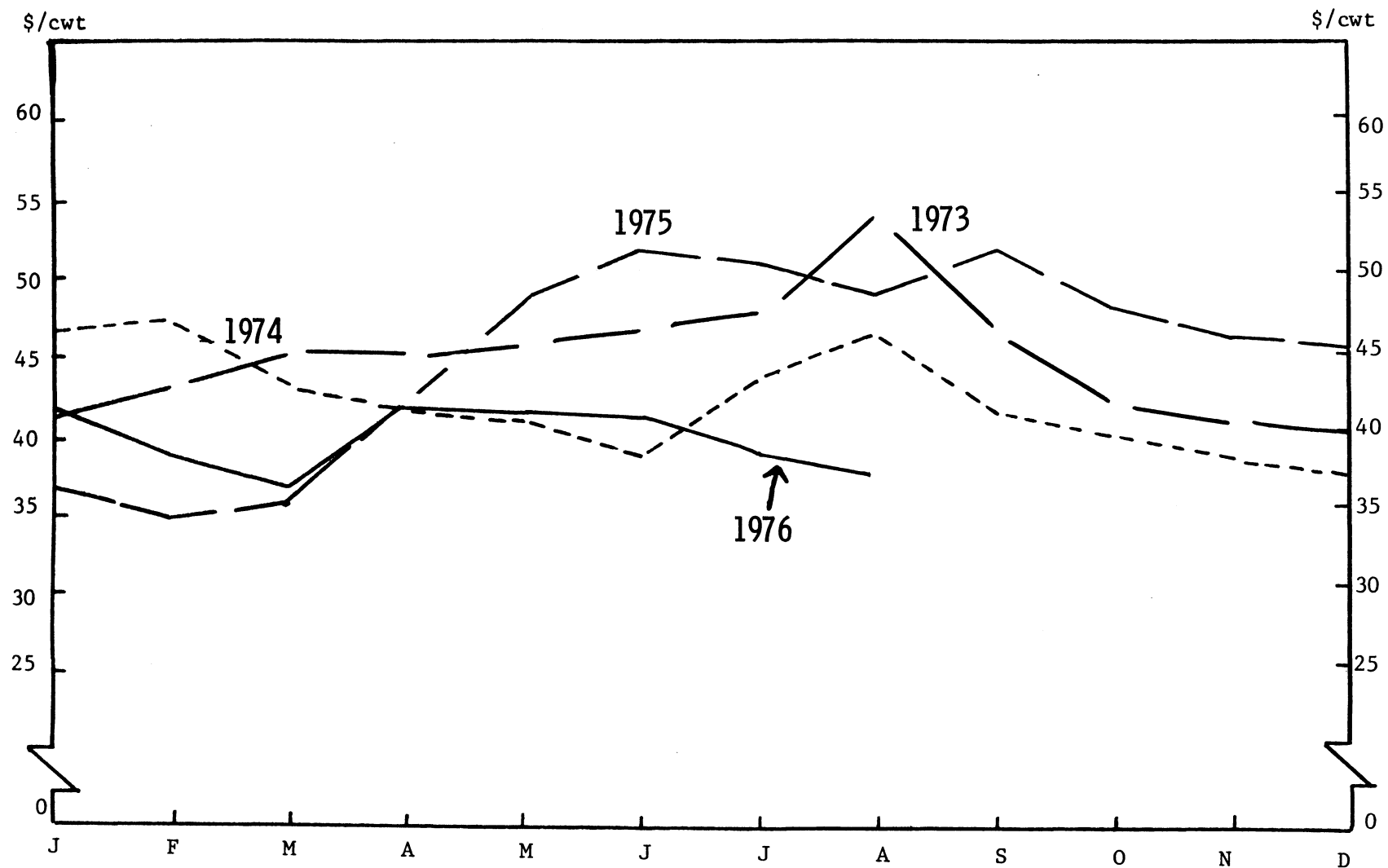
32-40

20-26

GOODS - DISCOUNT \$5.00 OR MORE

SEPTEMBER, 1975

CATTLE: CHOICE STEERS, 900-1100# OMAHA



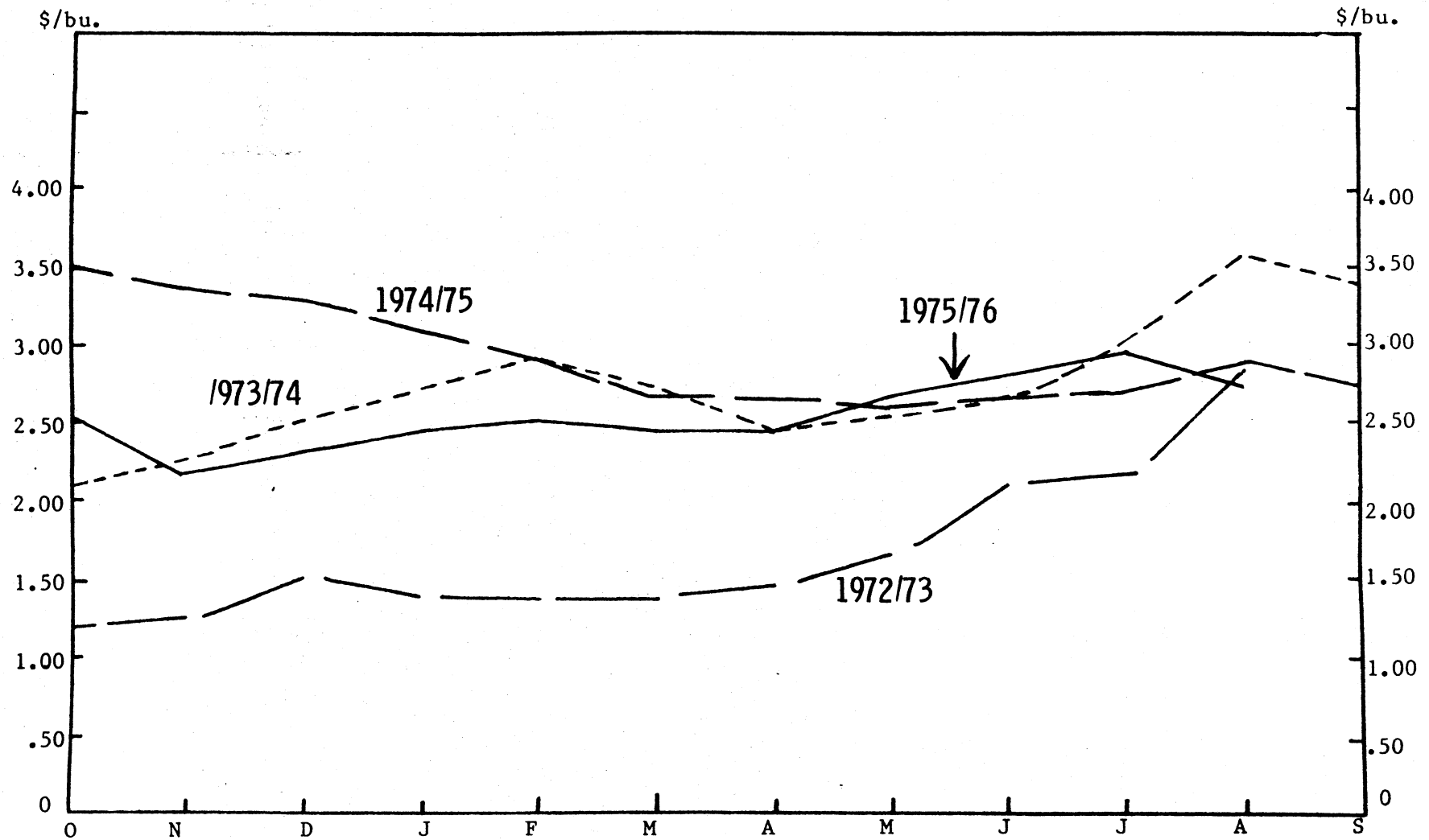
CORN PROSPECTS FOR 1976 - 77

	<u>AMT.</u> <u>Bil. Bu.</u>	<u>%</u> <u>1976/1975</u>
CROP (AUG.)	6.2	+7%
SUPPLIES	6.5	+6%
USE	+6.0	+4%
DOMESTIC	4.6 - 4.3	UP
EXPORT	1.5 - 1.7	DOWN
CARRYOVER	0.4 - 0.5	UP

PRICE, AVERAGE OHIO FARM

1975 CROP	\$2.54
WE SAID	\$ 2.40 - 2.60
1976 (EST.)	\$ 2.30 - 2.75

CORN: OHIO AVERAGE MONTHLY PRICE



SOYBEAN PROSPECTS FOR 1976 - 77

	<u>AMT.</u> Mil. Bu.	<u>%</u> 1975/1974
CROP (AUG.)	1,340	-12%
SUPPLIES	1,540	-10%
USE	1,440	-5%
DOMESTIC	900	down
EXPORT	550	same
CARRYOVER	100	down

1976 SOYBEANS - (CONT.)

PRICES - DECATUR

	<u>PER BU.</u>	<u>PRICE</u>	<u>VALUE</u>
OIL LB.	11#	15-20¢	\$1.65 - \$2.20
MEAL TON	47#	160 - 180	3.76 - 4.23
TOTAL			<hr/> \$5.41 - 6.43

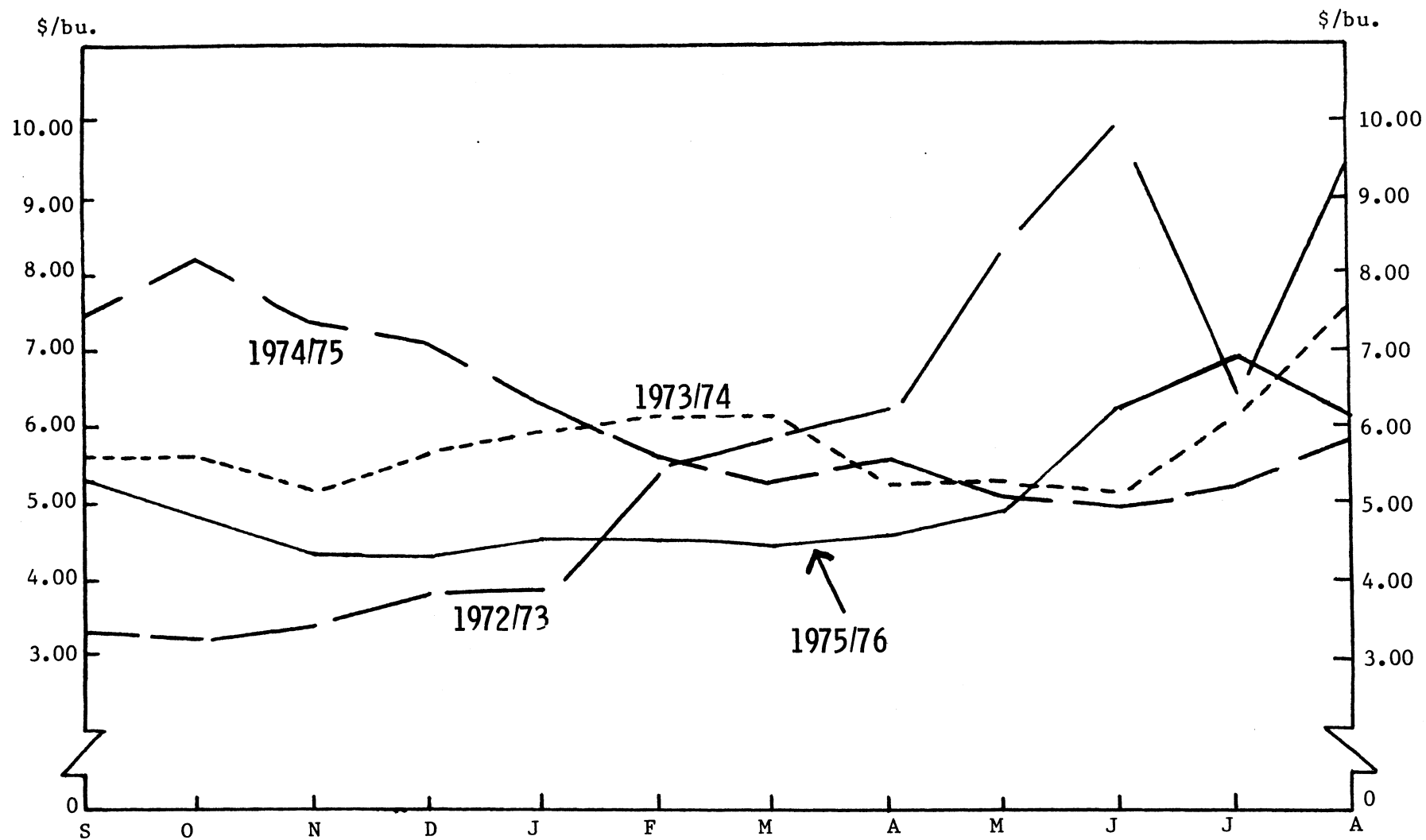
MINUS

MARGINS:
TRANSPORTATION

OHIO FARM PRICE, AVERAGE

1975 CROP	\$5.04
WE SAID	\$4.50 - 5.00
1976 (EST.)	5.25 - 5.75

SOYBEANS: OHIO AVERAGE MONTHLY PRICE



WHERE HAVE WE BEEN ?

(FIRST HALF OF 1976)

1976/ 1974

SLAUGHTER, NO.

+9%

FED +17%

NONFED -15%

COW + 8%

WEIGHTS

+1%

OUTPUT

+10%

USE / PERSON, LBS.

+5.1 (63.8)

RETAIL BEEF PRICES

+4¢ (1.42)

STEER PRICES

AVERAGE

\$39.60

RANGE

\$ 36 - 43

WHERE WE ARE?

CATTLE ON FEED, JULY 1, 1976

(23 STATES)

	<u>1976/75</u>	
1. NUMBER	+17%	
STEERS	+16%	
HEIFERS	+22%	
2. WEIGHT GROUPS	<u>STEERS</u>	<u>HEIFERS</u>
1100#	+70%	xx
900-1099#	+22	+60%
700-899#	+11	+23%
500-699#	-1	+9%
UNDER 500#	+7	+11%

WHERE WE ARE?

LAST HALF OF 1976

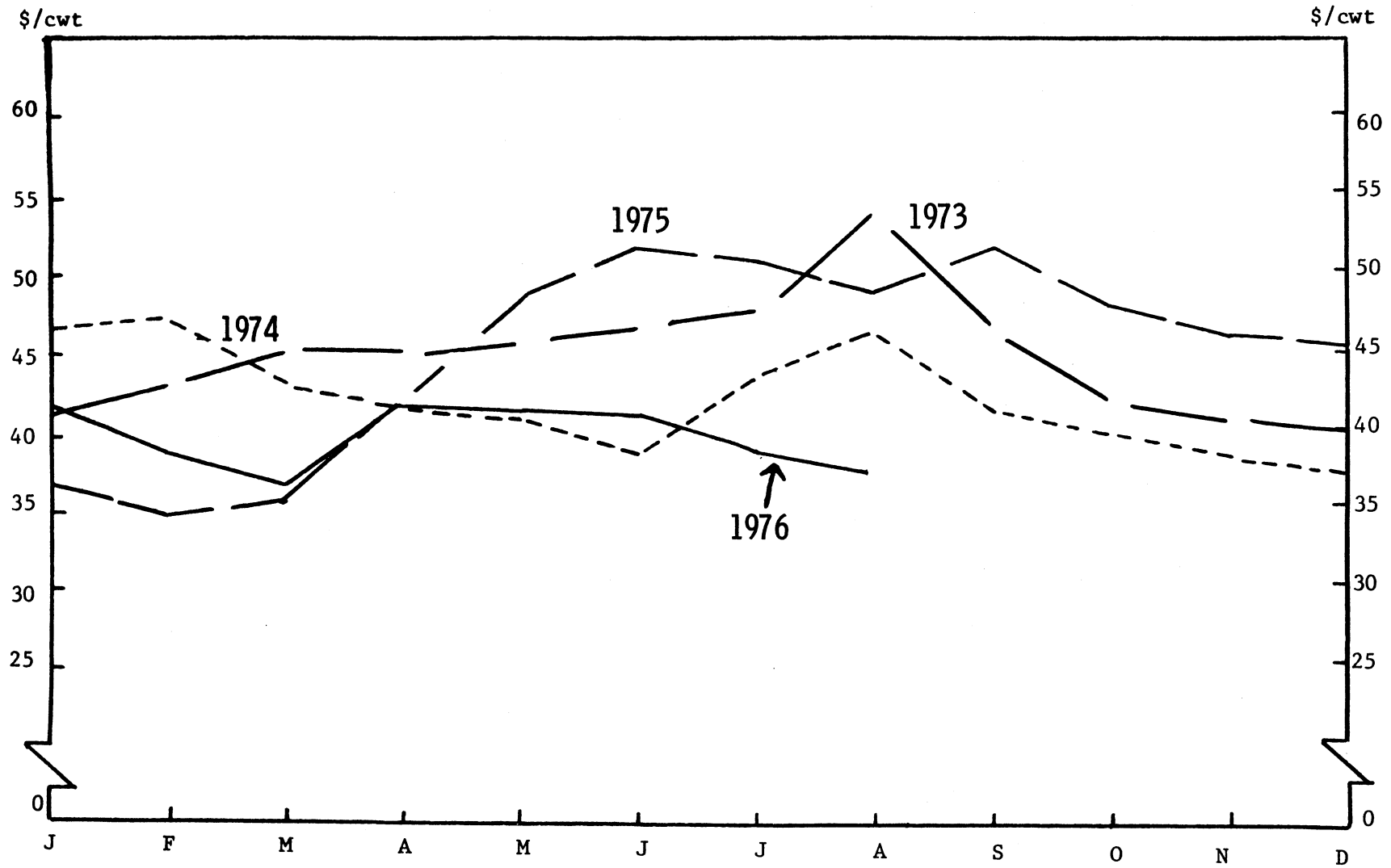
	<u>QUARTER 1976/1975</u>	
	<u>THIRD</u>	<u>FOURTH</u>
-- SLAUGHTER, NO.	-2%	-6%
FED	+19%	+15%
NONFED	-23%	-27%
COWS	-14%	-24%
% NONFED	41	43
-- WEIGHTS	+2%	+5%
-- OUTPUT	+4%	-1%
USE/ PERSON	+3%	-2%

WHAT'S HAPPENING TO MEAT USE?

LBS/ PERSON/ YEAR

	<u>BEEF</u>	<u>PORK</u>	<u>RED MEAT</u>
1950	63	69	145
1960	85	65	161
1970	114	66	186
1971	113	73	192
1972	116	67	189
1973	110	62	176
1974	117	67	187
1975	120	55	181
1976	125	57	187
1977 (EST.)	121	64	185
1978 (EST.)	117	68	185

CATTLE: CHOICE STEERS, 900-1100# OMAHA



FEEDER CATTLE - SOME FACTORS

-- DEMAND STRENGTHS

CALF CROP DOWN 7%

BIG CORN CROP

FEEDLOT CAPACITY LARGE

INCOME UP

PREFERENCE FOR BEEF

-- DEMAND WEAKNESSES

TOO MUCH BEEF

FINANCIAL LOSSES

LOW FED BEEF PRICES

FEED COSTS HIGH - UNSTABLE

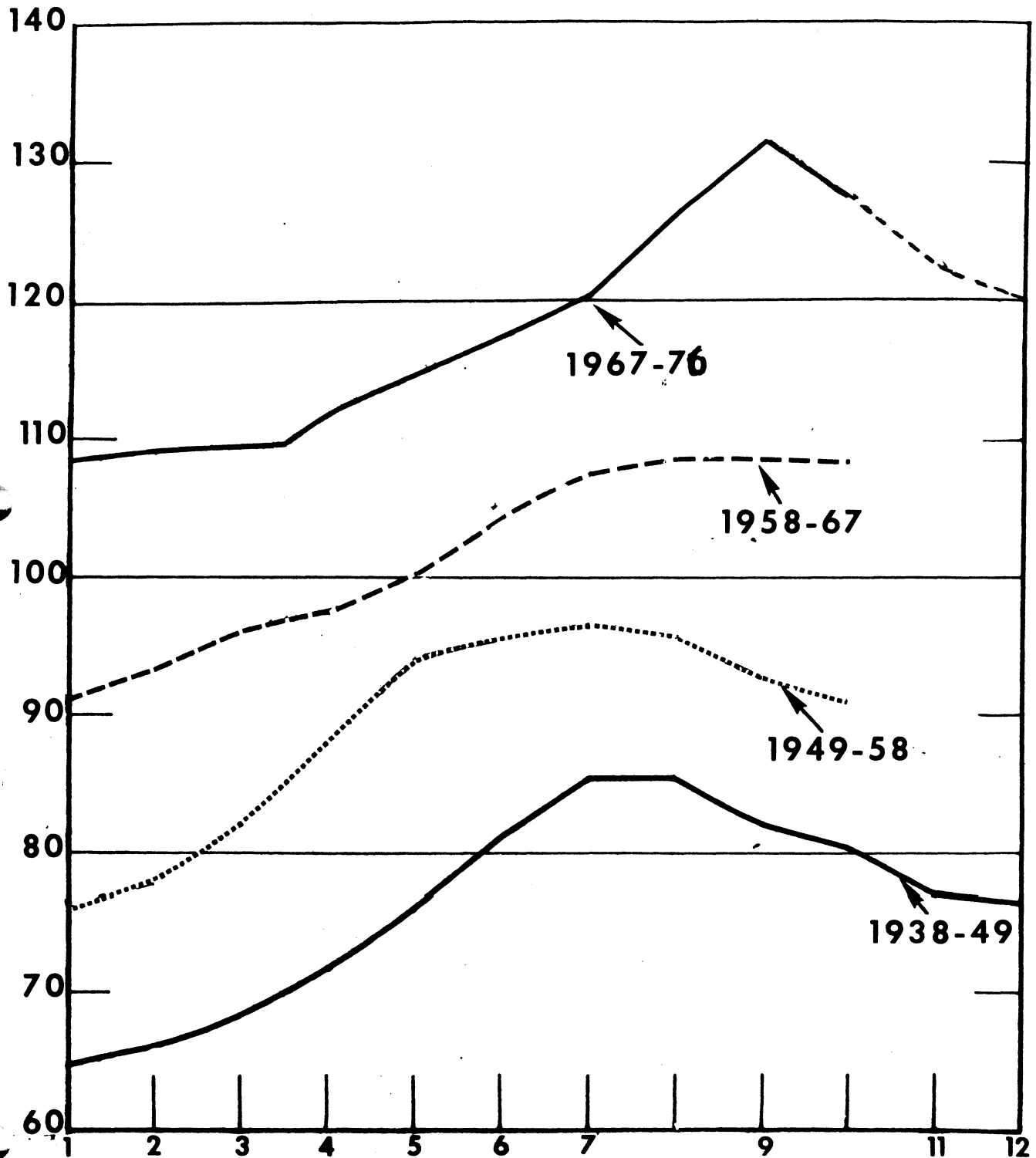
DRY WEATHER

CREDIT: INTEREST

PSYCHOLOGY

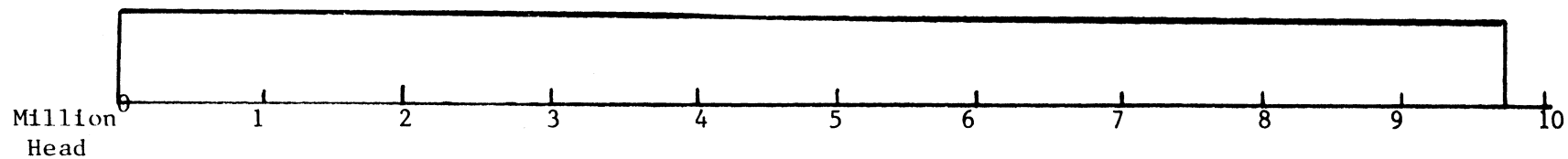
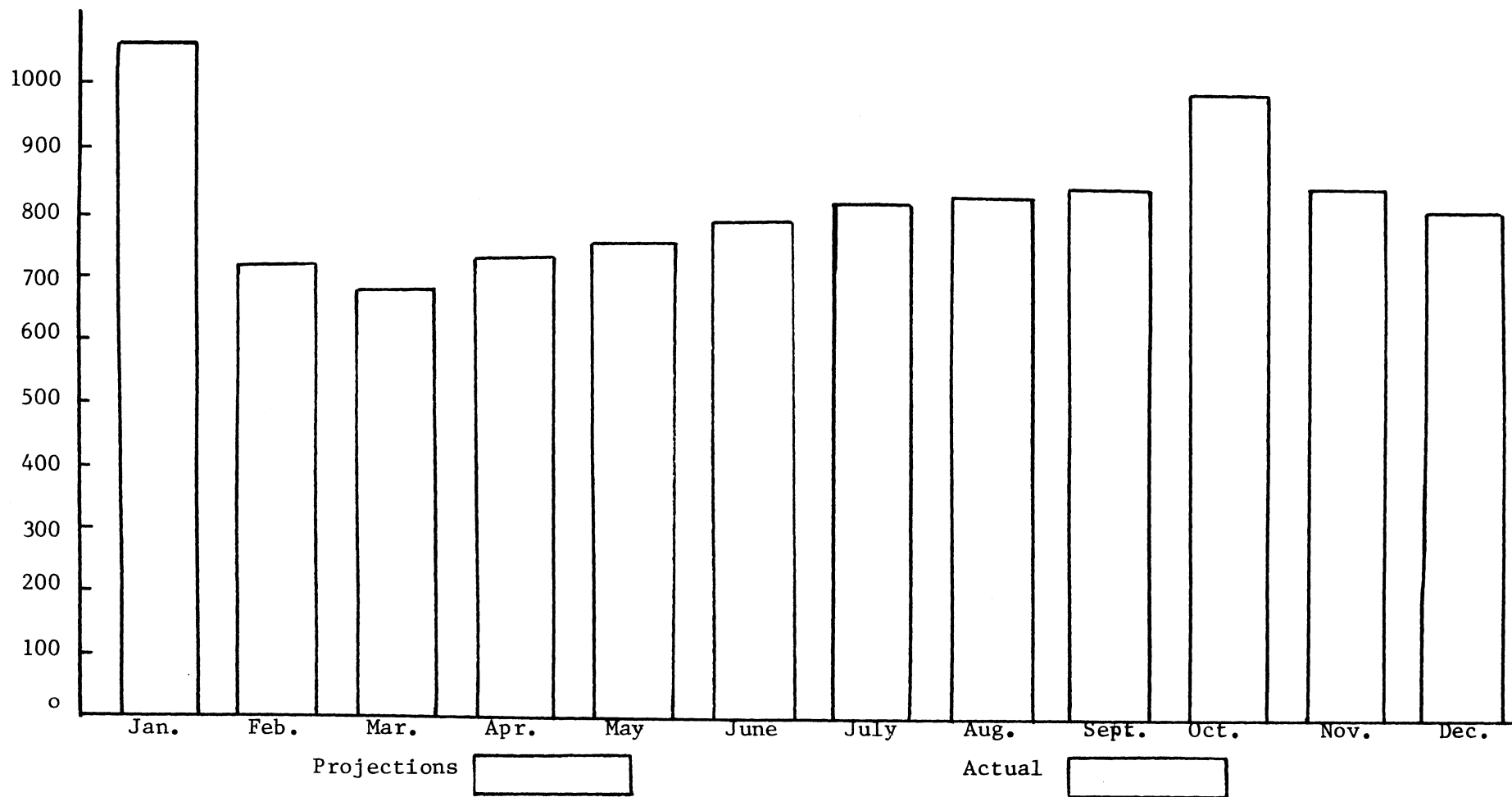
CATTLE ON FARMS BY CYCLES

MILLION HEAD



* YEARS OF CYCLE BEGINNING FROM LOW IN NUMBERS ON FARMS AND RANCHES.

1976 COW SLAUGHTER, ACTUAL VS. PROJECTIONS



1976 Monthly Cow Slaughter

SUPPLIES OF CATTLE FOR FEEDING

(JULY 1)

1976/1975

STEERS OVER 500#	+4%
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HEIFERS OVER 500#	+4%
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CALVES UNDER 500#	-8%
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TOTAL AVAILABLE FOR FEEDING	-5%
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PROSPECTIVE FEEDER CATTLE PRICES, CHOICE

FALL, 1976

WEIGHTS

STEERS

HEIFERS

UNDER 500

\$34-44

\$28-34

500 -600

36-45

30-38

600-800

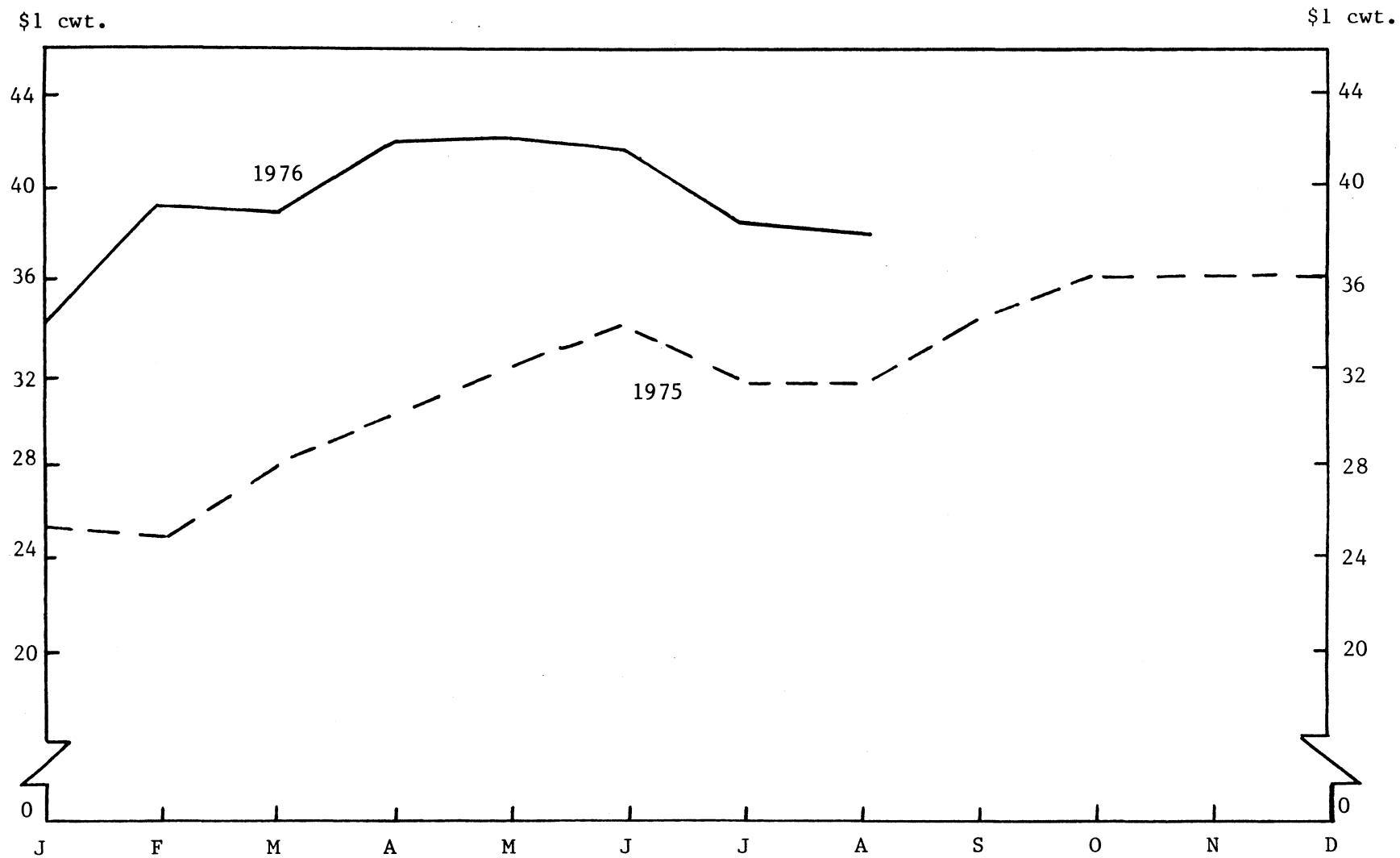
35-42

30-36

GOOD - DISCOUNT \$6.00

SEPTEMBER, 1976

FEEDER STEERS: CHOICE 500-700#, KY.



HAY SHORTAGE CHOICES

1. FERTILIZE PASTURES

2. FEED MORE SILAGE

GRASS OR CORN

3. FEED STOVER OR COBS

NEED PROTEIN: UREA: SBOM

NO LIQUID PROTEIN

4. GRAZE STALK FIELDS

5. CULL

COMPARING VALUES

GOOD HAY	CORNSTALKS	
	HARVESTED, MAX. PRICE*	GRAZE, MAX. RENT
\$40.00	\$18.70	\$9.50
50.00	23.35	12.20
60.00	28.00	14.90
70.00	32.70	17.60

* SUBTRACT \$10-15 FOR HARVESTING

BASED ON:

1.5# CORNSTALKS SUBSTITUTES FOR 1# HAY

EXAMPLE:

18# HAY REQUIRED PER DAY:

8# HAY + 15# STALKS

COW - CALF OPERATOR OPTIONS

FEEDERS

-- WITH ROUGHAGE/ GRAIN

MORE WEIGHT

-- FEED OUT

CUSTOM LOTS

BUY GRAIN

-- SELL

COW HERD

-- LOWER AGE OF HERD

CULL COWS

RETAIN "GOOD" HEIFERS

WHERE ARE WE GOING? 1977

-- ECONOMY

EMPLOYMENT: UNEMPLOYMENT

INFLATION

ECONOMIC ACTIVITY

INCOMES

-- PSYCHOLOGY

-- WORLD GRAIN DEMAND

BEEF DEMAND PROSPECTS FOR 1977

MORE PEOPLE

MORE MONEY

MORE PORK

MORE POULTRY

LESS NONFED BEEF

NARROWER MARGINS (RETAIL)

WHERE ARE WE GOING? 1977

1977/1976

-- CATTLE INVENTORY (JAN. 1, 1977)	122 MIL (-5%)
-- COW HERD	52 MIL (-5%)
BEEF COWS	-6%
DAIRY COWS	-1%
-- SLAUGHTER, NO.	-4%
FED	+3%
COWS	-10%
NONFED	-13%

WHERE ARE WE GOING? 1977

1977/1976

-- BEEF OUTPUT

-3%

FIRST HALF

-7%

SECOND HALF

+1%

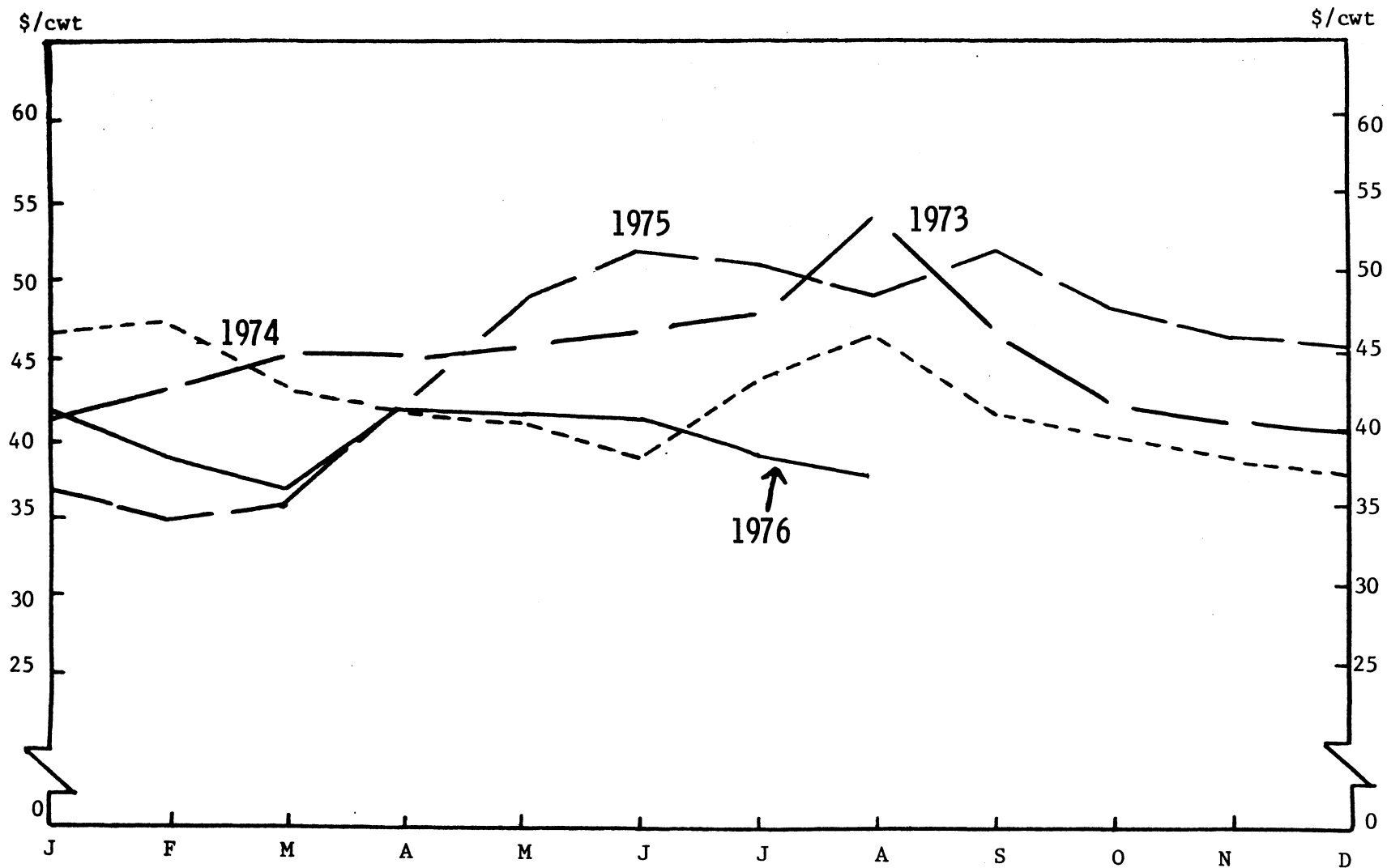
-- IMPORTS

SAME

-- BEEF PER PERSON

121 LBS. (-4-5 lbs.)

CATTLE: CHOICE STEERS, 900-1100# OMAHA



BREAK EVEN PRICE FOR FEEDING CATTLE

	<u>COSTS PER HEAD</u>
1. CATTLE	_____
2. FEED	_____
3. DEATH LOSS (2% OF LINE 1)	_____
4. INTEREST	_____
5. MARKETING, ETC.	_____
6. SUBTOTAL	_____
7. LABOR	_____
8. BUILDINGS. EQUIPMENT	_____
9. TOTAL	_____

<u>COST FOR</u>	COST PER HEAD	<u>BREAKEVEN</u> PRICE PER CWT. SOLD
CATTLE AND FEED (LINE 1 & 2)	_____	_____
VARIABLE COSTS (LINE 6)	_____	_____
TOTAL COSTS (LINE 9)	_____	_____

CATTLE FEEDING & STRONG GRAIN PRICES

- LIGHTER MARKET WEIGHTS
- FEED MORE ROUGHAGE
- HEAVIER PLACEMENT WEIGHTS
- SELL WHEN MEET GRADE

REDUCES COSTS

REDUCES BEEF OUTPUT

HELPS PRICE

FEED REQUIRED GOES UP WITH WEIGHTS

<u>WEIGHT</u>	<u>LBS. OF CONC./ 100# GAIN</u>
600 to 700#	500
700 to 800	580
800 to 900	640
900 to 1000	680
1000 to 1100	710
1100 to 1200	730